What is claimed is:

1. A copy protection method for digital media, the method comprising the steps of:

(a) encrypting an original media data set with a media key having a symmetric algorithm and encrypting said media key with each public key of compliant devices;

(b) delivering said encrypted media data set and said encrypted media key to a compliant playing device;

(c) decrypting said delivered media key with a private key of said playing device;

(d) decrypting said delivered media data set with said decrypted media key;

(e) adding a player watermark to said decrypted media data set if said decrypted data set is not marked with "free copy", said player watermark containing a player identification of said playing device and player copy-control information;

(f) encrypting said watermark-added media data set with said decrypted media key and encrypting said decrypted media key with said each public key of compliant devices; and

(g) passing said media data set and media key encrypted in the step (f) to a compliant recording device.

2. The method of claim 1, wherein said each public key corresponds to an asymmetric algorithm.

3. The method of claim 1, wherein said original media data set includes an owner watermark containing an owner identification and owner copy-control information.

4. The method of claim 3, wherein said player copy-control information is derived from said owner copy-control information.

5. A copy protection method for digital media, the method comprising the steps of:

(a) encrypting an original media data set with a media key having a symmetric algorithm and encrypting said media key with each public key of compliant devices;

(b) delivering said encrypted media data set and said encrypted media key to a compliant playing device;

(c) decrypting said delivered media key with a private key of said playing device;

(d) decrypting said delivered media data set with said decrypted media key;

(e) adding a player watermark to said decrypted media data set if said decrypted data set is not marked with "free

copy", said player watermark containing a player identification of said playing device and player copy-control information.

(f) performing a compliance test through an authentication handshake process between said playing device and a displaying device; and

(g) transferring said watermark-added media data set to said displaying device only if said displaying device passes said test.

6. The method of claim 5, wherein said each public key corresponds to an asymmetric algorithm.

7. The method of claim 5, wherein said original media data set includes an owner watermark containing an owner identification and owner copy-control information.

8. The method of claim 7, wherein said player copy-control information is derived from said owner copy-control information.

9. The method of claim 5, wherein said player copy-control information is set to "for display only".